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# APPENDIX B

## ARIZONA CONSTITUTION, Article XIII, Sec. 5

### § 5. Right of municipal corporation to engage in business or enterprise

Section 5. Every municipal corporation within this State shall have the right to engage in any business or enterprise which may be engaged in by a person, firm, or corporation by virtue of a franchise from said municipal corporation.

## SECTIONS 9-101, 9-231, 9-511, 9-514, 9-515 A, B, 9-516, 9-522 A, 9-523, 9-537 A.R.S.

### § 9-101. Incorporation

A. When two thirds of the real property taxpayers residing in a community containing a population of five hundred or more inhabitants petition the board of supervisors, setting forth the metes and bounds of the community, and the name under which the petitioners desire to be incorporated, and praying for the incorporation of the community into a city or town, and the board is satisfied that two thirds of the real property taxpayers residing in the community have signed the petition, it shall, by an order entered of record, declare the community incorporated as a city or town.

B. When ten per cent of the real property taxpayers residing in a community containing a population of five hundred or more petition the board of supervisors in the manner prescribed in subsection A, praying for the calling of an election for the purpose provided in this section, the board shall within sixty days after filing the petition call the election, and the election shall take place on the fourth Tuesday after the next following state general election. Only real property taxpayers who shall also in all respects be qualified electors of the state and community, shall vote on this question. If a majority of real property taxpayers voting thereon vote for incorporation, then the board of super-

visors shall, by an order entered of record, declare the community incorporated as a city or town.

C. By whichever proceeding the incorporation of a city or town is accomplished, the order shall designate the name of the city or town, and its metes and bounds, and thereafter the inhabitants within the area so defined shall be a body politic and corporate by the name designated.

D. For the purposes of this section, the word community shall mean a locality in which a body of people reside in more or less proximity having common interests in such services as public health, public protection, fire protection, and water which bind together the people of the area, and where the people are acquainted and mingle in business, social, educational and recreational activities.

E. An area to be incorporated shall not include large areas of uninhabited, rural or farm lands, but it shall be urban in nature. As amended Laws 1956, Ch. 18, §1.

Effective July 14, 1956.

**§ 9-231. Common council**

A. The corporate powers of a town incorporated under the provisions of §9-101 shall be vested in a common council. The first common council shall be appointed by the board of supervisors, upon declaring the town incorporated, and they shall continue in office until their successors are elected and qualified. The successors shall be elected by the qualified electors residing in the town at an election held for that purpose on the fourth Monday in May following, and on the fourth Monday in May each two years thereafter.

B. The common council of every town shall consist of five members, or if the population exceeds fifteen hundred, of seven members.

**§ 9-511. Power to engage in business of public nature; right of eminent domain**

A. A municipal corporation may engage in any business or enterprise which may be engaged in by persons by virtue of a franchise from the municipal corporation, and may construct, purchase, acquire, own and maintain within or without its corporate limits any such business or enterprise. A municipal corporation may also purchase, acquire and own real property for sites and rights of way for public utility and public park purposes, and for the location thereon of water works, electric and gas plants, municipal quarantine stations, garbage reduction plants, electric lines for the transmission of electricity, pipe lines for the transportation of oil, gas, water and sewage, and for plants for the manufacture of any material for public improvement purposes or public buildings.

B. The municipality may exercise the right of eminent domain either within or without its corporate limits for the purposes as stated in subsection A of this section, and may establish, lay and and operate a plant, electric line or pipe line upon any land or right of way taken thereunder, and may manufacture material for public improvement purposes and barter or exchange it for other material to be used in public improvements in the municipal corporation, or sell it to other municipal corporations for like purposes, and for any and all such purposes.

## § 9-514. Authority to engage in utility business

Before construction, purchase, acquisition or lease by a municipal corporation, as authorized in §§ 9-511 to 9-513, inclusive, of any plant or property or portion thereof devoted to the business of or services rendered by a public utility shall be undertaken, the construction, purchase, acquisition or lease shall be authorized by the affirmative vote of a majority of the qualified electors who are taxpayers of the municipal corporation voting at a general or special municipal election duly called and held for the purpose of voting upon the question.

## § 9-515. Purchase of existing utility plant and property; valuation; appeal

A. When a municipal corporation and the residents thereof are being served under an existing franchise by a public utility, the municipal corporation, before constructing, purchasing, acquiring or leasing, in whole or in part, a plant or property engaged in the business of supplying services rendered by such public utility, shall first purchase and take over the property and plant of the public utility.

B. The property and plant shall become the property of the municipal corporation upon payment by the municipal corporation of the fair valuation thereof within eighteen months after the determination of the valuation in the manner hereinafter provided.

## § 9-516. Declaration of public policy; eminent domain

A. It is declared as the public policy of the state that when adequate public utility service under authority of law is being rendered in an area, within or without the boundaries of a city or town, a competing service and installation shall not be authorized, instituted, made or carried on by a city or town unless or until that portion of the plant, system and business of the utility used and useful in rendering such service in the area in which the city or town seeks to serve, has been acquired.

B. The city or town which seeks to acquire the facilities of a public service corporation shall have the right to do so under eminent domain. Such action shall be brought and prosecuted in the same manner as other civil actions.

## § 9-522. Power to issue bonds

A. In addition to its other powers, a municipality may:

1. Subject to the requirements and restrictions of §§ 9-515 through 9-518, within or without its corporate limits, construct, improve, reconstruct, extend, operate, maintain and acquire, by gift, purchase or the exercise of the right of eminent domain, a utility undertaking or part thereof, and acquire in like manner land, rights in land or water rights in connection therewith.

2. Issue its bonds to finance the cost thereof.

3. Pledge to the punctual payment of the bonds and interest thereon an amount of the revenue of the utility undertaking, including improvements or extensions thereafter constructed or acquired, sufficient to pay the bonds and interest as they become due, and create and maintain reasonable reserves therefor. The amount pledged may consist of all or any part of such revenue.

§ 9-523. Bond election

Questions on bond issues under this article shall be submitted to the real property taxpayers who are in all other respects qualified electors of the municipality. No bonds shall be issued without the assent of a majority of the qualified electors voting at an election held for that purpose as provided in this article.

§ 9-537. Supplemental nature of article

In so far as the provisions of this article are inconsistent with any other provision of law, the provisions hereof shall be controlling. The powers conferred by this article shall be in addition and supplemental to the powers conferred by any other law. Except as expressly provided in this article, the utility undertaking may be constructed, improved, reconstructed, extended and acquired, notwithstanding any other law providing for the construction, improvement, reconstruction, extension or acquisition of a like utility undertaking and without regard to the requirements, restrictions or other provisions contained in any law, including, but not limited to, §§ 9-511 to 9-514, inclusive. Bonds may be issued under this article for any utility undertaking, notwithstanding that any other law may provide for the issuance of bonds for a like purpose and without regard to the requirements, restrictions or provisions contained in any other law.

RECLAMATION ACT OF 1902, Sections 4, 6, (32 Stat. 388)

SEC. 4. [Contracts for construction—Public notice of irrigable lands, limit of area, charges per acre, and method of payment —Limit of work hours—Mongolian labor.]—That upon the de-

termination by the Secretary of the Interior that any irrigation project is practicable, he may cause to be let contracts for the construction of the same, in such portions or sections as it may be practicable to construct and complete as parts of the whole project, providing the necessary funds for such portions or sections are available in the reclamation fund, and thereupon he shall give public notice of the lands irrigable under such project, and limit of area per entry, which limit shall represent the acreage which, in the opinion of the Secretary, may be reasonably required for the support of a family upon the lands in question; also of the charges which shall be made per acre upon the said entries, and upon lands in private ownership which may be irrigated by the waters of the said irrigation project, and the number of annual installments, not exceeding ten, in which such charges shall be paid and the time when such payments shall commence. The said charges shall be determined with a view of returning to the reclamation fund the estimated cost of construction of the project, and shall be apportioned equitably: *Provided,* That in all construction work eight hours shall constitute a day's work, and no Mongolian labor shall be employed thereon. (32 Stat. 389.)

SEC. 6. [Reclamation fund to be used for operation and maintenance—Management of works to pass to landowners—Title.]—That the Secretary of the Interior is hereby authorized and directed, to use the reclamation fund for the operation and maintenance of all reservoirs and irrigation works constructed under the provisions of this act: *Provided,* That when the payments required by this act are made for the major portion of the lands irrigated from the waters of any of the works herein provided for, then the management and operation of such irrigation works shall pass to the owners of the lands irrigated thereby, to be maintained at their expense under such form of organization and under such rules and regulations as may be acceptable to the Secretary of the Interior: *Provided,* That the title to and the management and operation of the reservoirs and the works necessary for their protection and operation shall remain in the

Government until otherwise provided by Congress. (32 Stat. 389.)

## RECLAMATION EXTENSION ACT OF AUGUST 13, 1914
### Section 5 (38 Stat. 687)

SEC. 5. [Operation and maintenance charges—Basis therefor—Minimum charge—Secretary may transfer care and operation of project—Reduction or increase of charges.]—That in addition to the construction charge, every water-right applicant, entryman, or landowner under or upon a reclamation project shall also pay, whenever water service is available for the irrigation of his land, an operation and maintenance charge based upon the total cost of operation and maintenance of the project, or each separate unit thereof, and such charge shall be made for each acre-foot of water delivered; but each acre of irrigable land, whether irrigated or not, shall be charged with a minimum operation and maintenance charge based upon the charge for delivery of not less than one acre-foot of water: *Provided,* That whenever any legally organized water users' association or irrigation district shall so request, the Secretary of the Interior is hereby authorized, in his discretion, to transfer to such water users' association or irrigation district the care, operation, and maintenance of all or any part of the project works, subject to such rules and regulations as he may prescribe. If the total amount of operation and maintenance charges and penalties collected for any one irrigation season on any project shall exceed the cost of operation and maintenance of the project during that irrigation season, the balance shall be applied to a reduction of the charge on the project for the next irrigation season, and any deficit incurred may likewise be added to the charge for the next irrigation season. (38 Stat. 687.)

## "FACT FINDERS ACT", Subsections G and I, Section 4, (43 Stat. 672)

SUBSEC. G. [Transfer of project to water users—Receipts credited as part of construction repayments.]—That whenever

two-thirds of the irrigable area of any project, or division of a project, shall be covered by water-right contracts between the water users and the United States, said project shall be required, as a condition precedent to receiving the benefits of this section to take over, through a legally organized water users' association or irrigation district, the care, operation, and maintenance of all or any part of the project works, subject to such rules and regulations as the Secretary may prescribe, and thereafter the United States, in its relation to said project, shall deal with a water users' association or irrigation district, and when the water users assume control of a project the operation and maintenance charges for the year then current shall be covered into the construction account to be repaid as part of the construction repayments. (43 Stat. 702, 43 USC 500.)

SUBSEC. I. [Profits from projects taken over by water users.] —That whenever the water users take over the care, operation, and maintenance of a project, or a division of a project, the total accumulated net profits, as determined by the Secretary, derived from the operation of project power plants, leasing of project grazing and farm lands, and the sale or use of town sites shall be credited to the construction charge of the project, or a division thereof, and thereafter the net profits from such sources may be used by the water users to be credited annually, first on account of project construction charge, second, on account of project operation and maintenance charge, and third, as the water users may direct. No distribution to individual water users shall be made out of any such profits before all obligations to the Government shall have been fully paid. (43 Stat. 703, 43 USC. 501.)

## IRRIGATION DISTRICTS—TITLE TO MOVABLE PROPERTY—TRANSFER

*See Legislative History, p. 2691*

CHAPTER 616—PUBLIC LAW 551
[H. R. 8026]

An Act to provide for transfer of title to movable property to Irrigation districts or water users' organizations under the Federal reclamation laws.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That:*

Whenever an irrigation district or water users' organization assumes operation and maintenance of irrigation works pursuant to a contract entered into with the United States in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto), the Secretary of the Interior may transfer to said district or organization title to movable property which has been purchased with funds advanced by the district or organization or which, in the case of property purchased with appropriated funds, is necessary to the operation and maintenance of such works and the value of which is to be repaid under a contract with the district or organization.

Approved July 29, 1954.

## MOVABLE PROPERTY—TITLE TRANSFER

*For Legislative History of Act, see p. 1794*

PUBLIC LAW 89-48; 79 STAT. 172
[S. 1000]

An Act to amend the Act of July 29, 1954, as amended, to permit transfer of title to movable property to agencies which assume operation and maintenance responsibility for project works serving municipal and industrial functions.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That:*

Section 1 of the Act of July 29, 1954 (68 Stat. 580), as amended by the Act of August 2, 1956 (70 Stat. 940), is further amended to read as follows:

"Sec. 1. That whenever an irrigation district, municipality, or water users' organization assumes operation and maintenance of works constructed to furnish or distribute a water supply pursuant to a contract entered into with the United States in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) (43 U.S.C. 371 et seq.), the Secretary of the Interior may transfer to said district, municipality, or organization title to movable property which has been purchased with funds advanced by the district, municipality, or organization or which, in the case of property purchased with appropriated funds, is necessary to the operation and maintenance of such works and the value of which is to be repaid under a contract with the district, municipality, or organization. In order to encourage the assumption by irrigation districts, municipalities, and water users' organizations of the operation and maintenance of works constructed to furnish or distribute a water supply, the Secretary is authorized to use appropriated funds available for the project involved to acquire movable property for transfer under the terms and conditions hereinbefore provided, at the time operation and maintenance is assumed."

Sec. 2. Whenever a municipal corporation or other organization to which water for municipal, domestic, or industrial use is furnished or distributed under a contract entered into with the United States pursuant to the Federal reclamation laws so requests, the Secretary of the Interior is authorized to transfer to it or its nominee the care, operation, and maintenance of the works by which such water supply is made available or such part of those works as, in his judgment, is appropriate in the circumstances,

subject to such terms and conditions as he may prescribe.

Approved June 24, 1965.

## MORATORIUM ON CONSTRUCTION CHARGES, Section 8 (47 Stat. 75)

SEC. 8. [Credits on account of power profits under subsections I and J, Fact Finders' Act, or other act.]—In the case of any irrigation district, water-users' organization, or individual, receiving credits on account of power profits or other revenues under the provisions of subsections I and/or J, section 4, act of December 5, 1924 (43 Stat. 703), or any other act of Congress, when any extension is granted as provided in section 1, 2, or 4 the amount of such credits shall be deducted from the amount of any payment so extended: *Provided*, That the provisions of this section shall not apply to power profits or other revenues derived from works not constructed at the expense of the United States. The credits, if any, in excess of the payment so extended shall be applied as now provided by law and contract. Acceptance of the provisions of this act shall operate as a waiver of any law and/or contract providing for application of credits different from that in this section prescribed.

## PHOENIX PROPERTY ACQUISITION ACT (72 Stat. 154)

### Credits for Transfer of Property in Phoenix, Ariz.

An act to provide for certain credits to the Salt River Valley Water Users Association and the Salt River Project Agricultural Improvement and Power District in consideration of the transfer to the Government of property in Phoenix, Ariz.

(Act May 29, 1958, 72 Stat. 154)

[Phoenix, Ariz. Credits for property transfer.]—That upon certification by the Administrator of the General Services Administration to the Secretary of the Interior that the Salt River

Project Agricultural Improvement and Power District has tendered to the United States marketable title to certain properties in the city of Phoenix, Arizona, as evidenced by an acceptable abstract of title, certificate of title or title guaranty policy now owned by it which are necessary for, or reasonably useful in connection with, a new Federal courthouse and office building, that the Attorney General of the United States has rendered a written opinion in favor of the validity of the title and that the Administrator, acting on behalf of the United States, has accepted a warranty deed, in form approved by the Attorney General and with documentary stamps thereto attached in amounts required by law, conveying the unencumbered fee simple title to the properties therein described to the United States of America, the Secretary shall credit toward repayment of such of the obligations assumed by the Salt River Valley Water Users' Association and the Salt River Project Agricultural Improvement and Power District under the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) [43 U.S.C. 371 and note.] as he finds proper an amount equal to the value of the properties transferred, as determined by an appraisal satisfactory to the Administrator, the Secretary, and the Salt River Project Agricultural Improvement and Power District: *Provided,* That if said amount is in excess of said obligations, the difference may be paid in cash or other valuable considerations.

SECTION 45-937 C. A.R.S.

**§ 45-937. Powers of board of directors relating to property**

**C. In all courts, actions and proceedings the board may sue, appear and defend in person or by attorney in the name of the district.**

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# APPENDIX C

## CONTRACT

BETWEEN

United States of America

AND

Salt River Valley Water Users' Association

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DATED SEPTEMBER 6, 1917

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THIS MEMORANDUM OF AN AGREEMENT, made by and between the UNITED STATES OF AMERICA, acting in this behalf by the Secretary of the Interior under the provisions of the act of June 17, 1902 (32 Stat., 388), and of acts amendatory thereof and supplementary thereto, together constituting the reclamation law, of the first part, and the SALT RIVER VALLEY WATER USERS' ASSOCIATION, a corporation, duly organized and doing business under the laws of the Territory (now State) of Arizona, of the second part and hereinafter for the sake of brevity of expression designated as the "Association" WITNESSETH:

FIRST: This agreement is to be held and deemed supplementary to the agreement made by and between the same parties, the memorandum whereof is dated June 25th, 1904, and it is understood and agreed that that agreement shall not be held or deemed in any wise to be affected, modified, changed or abrogated, in whole or in part, by this agreement, except as it may be done by the express terms of this agreement, or by reason of irreconcilable inconsistencies between the terms of the said agreement of June 25th, 1904, and the terms of this present agreement, and then only in those particular provisions so expressly hereby affected, modified, changed or abrogated, or between which there is such irreconcilable inconsistency manifested, in which case and so far only, the provisions of this agreement shall prevail over and to that extent affect, modify, change or abrogate the provisions of said agreement of June 25th, 1904.

**Second:** In consideration of the doing of the things, and of the full and prompt performance by the Association of all of the covenants and agreements hereinafter contained, which it hereby agrees that it shall do, perform and observe, and subject to all the conditions, terms, limitations and obligations hereinafter imposed upon it by the provisions of this agreement, the United States agrees to and will as soon after the signature of this agreement as may be practicable, turn over to and vest in the said Association, the care, operation and maintenance of the irrigation works known as the Salt River Project, situate in the counties of Gila, Pinal and Maricopa, consisting generally of the Roosevelt Dam, the Granite Reef Dam, irrigation canals, laterals and ditches, and other conduits, gates, pipes, power plants, power houses, buildings and other structures of every kind, transmission, telegraph and telephone lines, wires, pumps, machinery, tools and appliances and all property of whatsoever kind, real, personal or mixed, appurtenant to or used, or constructed or otherwise acquired to be used, in connection with the said Salt River Project, wheresoever said property may be situated, and as well, all water rights and franchises, and rights to the storage, diversion and use of water for irrigation or other purposes, water power, electric power and power privileges, with such right of possession of all thereof, as shall be necessary or convenient for the care, operation and maintenance of said project by said Association, as hereinafter provided. And said Association shall from the time of the taking over of the care, operation and maintenance of said project thenceforward have and receive to its own use and benefit, all the rents, issues, profits, revenue and income, including all income from power and power privileges growing out of or arising from the operation and maintenance of the project and every part thereof by it.

**Third:** The Association agrees to accept the transfer to it of the care, operation and maintenance of said project, and that it will care for, operate and maintain the same and every essential part thereof in full compliance with law and the pro-

visions of this agreement, during all the time it shall have such charge of the same under the provisions of this agreement, in such manner that the same and every part thereof shall remain in as good and efficient condition, and of equal capacity for the storage, development, diversion and distribution of irrigation water, and for the service of electric energy as the same is now, as its own cost and without cost to the United States, provided that said Association shall not be required to maintain the capacity of the Roosevelt Reservoir so far as that may be diminished naturally by the deposit of silt therein by the Salt River, Tonto Creek and other tributaries thereto, and provided further that the Association shall not be required to make any replacements, renewals or repairs which may be made necessary by injury to or destruction of said works or an essential part thereof by public enemies of the United States or by the United States itself as a war measure.

That it will promptly pay all such cost of the care, operation and maintenance of the project as it is incurred. That it will make no substantial change in any of said works, without first having obtained the consent thereto, to be expressed in writing, of the Secretary of the Interior. It may, however, construct additional works at its own cost without the necessity of procuring the assent of the Secretary of the Interior of the United States, provided that such additional works shall not in any wise impair or diminish the present efficiency or adequacy of the project for the purposes for which it has been designed, constructed and acquired.

**Fourth:** The Association shall repay to the United States the cost of the construction, and acquisition otherwise, of said project promptly and without default.

Such cost shall be computed on the basis of a net balance due the Government on that account on the 1st day of January, 1917, of $10,279,190.98. To this there shall be added any sums expended by the United States, or the cost of which it shall have

incurred, on account of the construction, care, operation and maintenance of said project during the time elapsing between said 1st day of January, 1917, and the date upon which the Association shall take over the care, operation and maintenance thereof, under the provisions of this agreement. If the expenditures for operation and maintenance of the irrigation system shall be greater or less than the receipts from rentals up to the time when the project is turned over to the Association, the difference shall be paid to the United States by the Association in case of a deficit, or the difference shall be credited on the first installment in case of a surplus. Such adjustment to be made December 1, 1917.

The exact amount of the balance of such construction cost shall be computed to the date of the taking over by the Association of the care, operation and maintenance of said project, and then stated in writing by the Secretary of the Interior to the Association, and the amount so stated shall be deemed to be the net cost of said project which the Association agrees to pay to the United States.

Such payments shall be made in annual installments as follows:

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| Two | per | cent | thereof | on | or | before | December | 1st, | 1917 |
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All without interest.

The Association shall pay all penalties which may be prescribed by the reclamation law for individual delinquencies.

The United States will and does reserve the means given to it by reclamation laws to enforce payments of installments of construction costs, and will at its option, in case of individual default, adopt, practice, and enforce them, as occasion may require, notwithstanding the undertaking of the Association to pay them.

**Fifth:** The Association will use its powers and resources, cumulatively, if necessary, including the power to withhold the delivery of water, to enforce the rules and regulations made by the Secretary of the Interior under the provisions of law, or by the Association under its Articles of Association and by-laws, for

the proper care, operation and maintenance of the project and for carrying out the provisions of this agreement. If the enforcing of any such rules and regulations shall require the collection of any charges, penalties or interest from persons holding land the title of which has not passed out of the United States, the Association shall report such cases to the Secretary of the Interior who will aid the Association in enforcing such collections by the cancellation of entries and water right applications or by any other means authorized by law. But failure on the part of the Secretary of the Interior to enforce such collections in such cases shall not relieve the Association from the obligations assumed by it under this agreement.

Sixth: The Association shall use all practical methods to insure the economical and beneficial use of irrigation water. It shall also hold the United States harmless as to any damages which may accrue to other land or property either within or without the reservoir district growing out of the care, operation and maintenance of the project by the Association.

Seventh: The project and all its works and those connected with it may be inspected from time to time under the direction of the Secretary of the Interior when he shall deem it necessary to ascertain if the provisions of this agreement are being carried out and observed by the Association in the care, operation and maintenance of the project. The cost of such inspections shall be charged to the Association and become due to the United States on March 1st of each year for expenditures on that account during the preceeding year.

Eighth: The Association shall maintain all the works turned over to it under the provisions of this agreement in proper operating condition and make proper delivery of irrigating water to each farm entitled thereto, or at least as near to the farm as the United States is now delivering such water.

Ninth: This Agreement may be cancelled or terminated by

the Association on March 1st of any year upon not less than one year's written notice thereof to the Secretary of the Interior. It may be amended at any time, such amendment to be ratified by a vote of the members of the Association in the same manner as the original agreement, and all amendments must be approved by the Secretary of the Interior before becoming effective. This agreement may be terminated by the United States acting in that behalf by the Secretary of the Interior, at any time, by written notice from the Secretary of the Interior in case the Association fails to carry out the provisions of law relating thereto, or of this agreement, in their true intent and meaning, or if the Secretary of the Interior shall reasonably believe that the security of the United States for the payment to it of said construction cost, is being impaired by the failure or neglect of the Association to properly care for and maintain the project. Upon the termination of this agreement, the Secretary of the Interior shall have the right to exercise all the powers in regard to the project which are vested in him by law; he may also at any time, after the execution of this agreement, take such action as he may deem proper, either by his own officers or through the Association, for the collection of any charges with the penalties and interest due the United States, which may be unpaid.

Tenth: The Association will keep reasonably accurate records of water deliveries and of crops raised under the project and as well such other records as are appropriate to the interests of the project as a whole. The forms to be used shall be subject to the approval of the Secretary of the Interior.

Eleventh: The performance and discharge of all valid and subsisting obligations and contracts affecting the care, operation and maintenance of the project now in effect between the United States and other parties, shall be and are hereby assumed by the Association, and shall be faithfully discharged, performed and carried out by it as long as the Association shall have the care, operation and maintenance of the project under the provisions

of this agreement. The Association however, reserves and the United States accords to it the right to any legal objections or defense to the validity of any obligations which the United States itself might have if this agreement had not been made, it being understood that the general assumption by the Association of the obligations of the United States in relation to the care, operation and maintenance of the project shall not impart to such obligations any degree of validity which they did not possess before this agreement was made. The Association agrees that all contracts which it may seek to execute for the sale or lease of power or power privileges covering a period of more than one year shall be subject to the approval of the Secretary of the Interior.

Twelfth: The proper officers or agents of the Association shall have full and free access at all reasonable times to the project books and official records of the United States relating to the construction, acquisition, care, operation and maintenance of the project, with the right at any time during office hours, to make copies of and from the same or any of them. The proper representatives of the United States shall have similar rights in respect to the books and records of the Association relating to the project and its care, operation and maintenance.

Thirteenth: The Secretary of the Interior reserves, and shall have the right, so far as the purport thereof may be consistent with the provisions of this agreement to make reasonable rules and regulations, and to add to or modify them, as may be proper and necessary to carry out the true intent and meaning of the law and this agreement.

Fourteenth: Nothing in this agreement shall be construed as affecting or interfering with the right or authority of the Secretary of the Interior to withhold delivery of water to the project to an extent corresponding to the area for which construction or building charges, with penalties and interest, have not been paid to the United States, as may be required by law and by the terms of this agreement and the Association shall upon direc-

tion of the Secretary of the Interior withhold delivery of water in such cases.

Fifteenth: The Association will in every practicable way cooperate with the Secretary of the Interior in carrying out the provisions of Section 2 of the act of Congress of May 19, 1916 (39 Stat., 130), providing for water rights for 631 Salt River Indian allotments of 10 acres each, and will cause to be performed such work as may be deemed necessary by the Secretary of the Interior to carry into effect the provisions of said law. The expense of such work will be made by the United States.

Sixteenth: If at any time before the full repayment to the United States of the cost of said project, said project or any essential part thereof shall be injured or destroyed by public enemies of the United States, or if said project or any essential part thereof, should as a war measure be injured, destroyed or rendered useless by orders of the United States or its officers, then further repayment of such construction cost shall be suspended and postponed until such time as said project shall have been restored to its state of efficiency and capacity just prior to such injury or destruction.

If by reason of invasion or occupation by enemies to the United States of territory of the United States, the water users (the constituent members of the Association), shall be prevented from the use of said project, or an essential part thereof, then during any period of such prevention of use, the repayment to the United States of construction cost under the provisions of this agreement, shall be suspended and postponed until such time as such use can be safely and uninterruptedly resumed.

Seventeenth: All agreements made, or that may hereafter be made by any of the members of the Association under the "Public Notice" heretofore issued relating to said project to repay to the United States the cost of said project at a different rate per acre or otherwise, than that to be fixed by the Secretary of the Interior under the provisions of this agreement, are to be deemed to be

and they each and all, are hereby modified so that the cost of the construction agreed thereby to be repaid shall conform to that fixed by the Secretary of the Interior under the terms of this agreement.

Eighteenth: No member of or delegate to Congress or resident Commissioner after his election or appointment or either before or after he has qualified or during his continuance in office, shall be admitted to any share or part of this contract or agreement, or to any benefit to arise thereupon. Nothing however herein contained shall be construed to extend to any incorporated company, where such contract or agreement is made for the general benefit of such incorporation or company, as provided in section 116 of the act of Congress approved March 4, 1909 (35 Stat., 1109.)

IN WITNESS WHEREOF, The undersigned have hereunto subscribed their names and affixed their seals this 6th day of September, 1917.

WITNESS:
E. C. Bradley (Sgd)
E. C. Finney (Sgd)
(Seal)

WITNESS:
Adah C. Troutman (Sgd)
A. B. Landreene (Sgd)
(Sgd) Alexander T. Vogelsang
Acting Secretary of the Interior for and on behalf of the United States of America PARTY OF THE FIRST PART.

SALT RIVER VALLEY WATER USERS' ASSOCIATION
John P. Orme (Sgd)
President
Chas. A. Vanderveer (Sgd)
Secretary

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